

# House Study Bill 611

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON MASCHER)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the applicable percentage used in calculating  
2 retirement benefits under the municipal fire and police  
3 retirement system of Iowa.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5609HC 82  
6 ec/sc/5

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1 1 Section 1. Section 411.6, subsection 2, paragraph d, Code  
1 2 2007, is amended to read as follows:  
1 3 d. Upon retirement from service on or after July 1, 2000,  
1 4 but before the July 1 following the date the system determines  
1 5 that the increased percentage as provided in paragraph "dd"  
1 6 can be implemented without an increase in the members'  
1 7 contribution rate, a member shall receive a service retirement  
1 8 allowance which shall consist of a pension which equals  
1 9 sixty=six percent of the member's average final compensation.  
1 10 Sec. 2. Section 411.6, subsection 2, Code 2007, is amended  
1 11 by adding the following new paragraph:  
1 12 NEW PARAGRAPH. dd. Upon retirement from service on or  
1 13 after the July 1 following the date the system determines that  
1 14 the increased percentage as provided in this paragraph can be  
1 15 implemented without an increase in the members' contribution  
1 16 rate, a member shall receive a service retirement allowance  
1 17 which shall consist of a pension which equals seventy=four  
1 18 percent of the member's average final compensation.  
1 19 Sec. 3. Section 411.6, subsection 2, paragraph e,  
1 20 unnumbered paragraph 1, Code 2007, is amended to read as  
1 21 follows:  
1 22 Commencing July 1, 1990, if the member has completed more  
1 23 than twenty=two years of creditable service, the service  
1 24 retirement allowance shall consist of a pension which equals  
1 25 the amount provided in paragraph "b", "c", ~~or~~ "d", or "dd",  
1 26 plus an additional percentage as set forth below:  
1 27 Sec. 4. DEFERRED RETIREMENT OPTION PLAN == RECALCULATION  
1 28 OF DROP BENEFIT.  
1 29 1. Notwithstanding any provision of chapter 411 to the  
1 30 contrary, an eligible member who has elected to participate in  
1 31 the deferred retirement option plan as created in section  
1 32 411.6C and who has not terminated their participation in the  
1 33 plan as of the increased percentage implementation date shall  
1 34 have the member's participant retirement amount recalculated  
1 35 based upon the percentage provided in section 411.6,  
2 1 subsection 2, paragraph "dd". Commencing on the increased  
2 2 percentage implementation date, the drop benefit deposited  
2 3 into the participant account of the eligible member shall be  
2 4 adjusted based upon the recalculated participant retirement  
2 5 amount.  
2 6 2. For purposes of this section, the "increased percentage  
2 7 implementation date" means the July 1 following the date the  
2 8 system determines that the recalculation of the drop benefit  
2 9 as provided in this section and the increased percentage as  
2 10 provided in section 411.6, subsection 2, paragraph "dd", can  
2 11 be implemented without an increase in the members'  
2 12 contribution rate.

## EXPLANATION

2 13 This bill increases the percentage multiplier applied in  
2 14 calculating a retirement benefit under the municipal fire and  
2 15 police retirement system of Iowa (MFPRSI).  
2 16 The bill increases from 66 percent to 74 percent the  
2 17

2 18 percentage of a member's average final compensation applied in  
2 19 calculating the member's retirement benefit if the member  
2 20 terminates employment at age 55 with at least 22 years of  
2 21 service. The bill provides that this increased percentage  
2 22 will be implemented the July 1 following the determination by  
2 23 MFPSI that the increase can be implemented without an  
2 24 increase in the members' contribution rate.  
2 25 The bill also provides that the increased percentage shall  
2 26 apply to members participating in the deferred retirement  
2 27 option plan (DROP) created by Code section 411.6C. The bill  
2 28 provides that a member who is still receiving a DROP benefit  
2 29 prior to final termination from employment as of the date the  
2 30 increased percentage provided by the bill is implemented shall  
2 31 have the member's DROP benefit recalculated based upon that  
2 32 increased percentage beginning on that date.  
2 33 LSB 5609HC 82  
2 34 ec/sc/5